

**Commercial Customs Operations Advisory Committee  
Government Issue Paper  
Secure Trade Lanes Subcommittee  
In-Bond Working Group**

**December 2023**



**U.S. Customs and  
Border Protection**

Pub# 3477-1123

**Office of Field Operations/Cargo and Conveyance Security**  
**Secure Trade Lanes Subcommittee**  
**In-Bond Working Group**  
**December 2023**

**Action Required:** Informational

**Background:**

- The Part 18 regulatory package was published on September 28, 2017. After a two-year delay, implementation of the full automation requirement of the revised regulations occurred in August 2019. Key dates:
  - July 29, 2019 – Paper CBP Form 7512 no longer be accepted for input into ACE; Electronic filing and reporting of arrival, exportation, and diversion by the Trade is mandatory.
  - Shipments arriving in and transported through the U.S. by air and subject to Part 122 in-bond rules do not require electronic reporting at this time and may remain paper-based until revisions to Part 122, Subpart J's air in-bond regulations are revised and modernized.
  - As of February 2023, the COVID-related moratorium on all in-bond liquidated damages issued for arrival outside the 30-day timeframe due to the congestion and delays at West Coast ports is no longer in effect. Ports can issue liquidated damages on violative in-bond entries originating nationwide.
  - At the June 2023 meeting, the IBWG submitted three additional recommendations for publishing annual in-bond statistics on CBP.gov and ACE Cargo Release programming changes that will provide in-bond filers, sureties, and bond principals with greater insight into their in-bond entries and bond usage by third parties. These listed recommendations, in addition to the previous 39 issued in 2022 and March and June 2023, are consistent with CBP's ACE modernization goals and will support the positive advancement of the in-bond program.
- The updated "Manifest Trade In-Bond User Interface" was deployed in ACE Modern in January 2023. This new application allows carriers to report more easily arrival, diversion, and export functions, as well as to cancel these actions. Trade Transformation Office is currently working to resolve certain in-bond entry visibility issues, which should be resolved by late Autumn 2023.
- CBP continues to develop work toward deploying new technical solutions with nine current "requests for development" (RFDs) that are under consideration by the ACE executive planning committee, and which will address some of the problems identified by trade partners. CBP's ACE Reports Team continues its dedication to enhance existing ACE In-Bond reports to improve CBP's enforcement posture and to offer better visibility into in-bond usage, including creation of new reports accessible to filers/carriers showing in-bond entries that will be due for arrival in five and ten days (to be deployed by late 2023).

**Issues:**

- Ongoing discussions regarding implementing the 6-digit level HTS number requirement and FIRMS code reporting for in-bond shipment destination location requirement that

was codified in revised Part 18 (September 2017). Certain trade members continue to oppose implementation, while others are not opposed.

- Current and future regulatory requirements and modifications are being discussed with the goal of revising Part 18, and portions of Part 122 and Part 4 (Vessels in Foreign and Domestic Trade) to establish new and improved efficiencies within the In-Bond Program. The “notice of proposed rulemaking” (NPRM) process has been formally initiated with the Office of Regulations & Rulings and participants will include the IBWG, members of the trade, transportation, logistics community, and CBP.
- Cargo and Conveyance Security Directorate issued CSMS # 57324206 (In-Bond Regulations - Clarification on When Part 122 (Air Commerce) Subjugates to Part 18 [Air BOLs Transferred to Truck/Rail MOT] and Reporting Requirements) on August 16, 2023. The message stated that electronic reporting of “arrival” and “exportation” is required when air waybills leave air mode and are transported via surface by truck or rail, and it clarified that individual in-bond transportation entries must be filed electronically (via CBP Form 7512) in these situations, as 19 CFR part 18 requires.
- Legal transfer of liability among carriers when in-bond shipment possession changes to succeeding carrier. IBWG members are seeking a more transparent and definitive transaction in ACE Modern where bond liability will transfer seamlessly.
  - New system programming in ACE will be required.

**Next Steps:**

- Continue forward with in-bond NPRM process that will achieve modernized, synchronized, and enhanced regulations governing merchandise transferred in-bond in all modes of transportation.
- Discuss solutions to legal liability and ACE programming issues, to include improved guidance in the revised *Automated In-Bond Processing Business Process Document*.
- Collaborate to finalize which of the 41 pending recommendations can be agreed on and advanced toward regulatory revision/NPRM action.
- Execute plan for implementing the 6-digit level HTS number requirement and FIRMS code reporting for in-bond shipment destination location.

Submitted by: Pierre Duy, Program Manager, OFO/Cargo and Conveyance Security/  
Cargo Security and Controls

Date: November 6, 2023